

Governor Brian Schweitzer

EDAC Meeting

Helena October 22, 2009

OFFICE OF THE GOVERNOR









Governor Schweitzer's

Economic Development Wision "
for Montana





Schweitzer

Economic Development Plan

- Diversify the economy
- More Jobs
- Better quality jobs wages & benefits
- Jobs geographically dispersed

 inside & outside "the boot"
 including Indian Country

Montana's on the Move

The numbers tell the tale!

Montana's on the Move The numbers tell the tale!

Business Facilities 2009 State Rankings

- Overall business climate 8th.
- Best overall tax climate for business 6th.
- Best sales tax climate for business 3rd.
- Most educated workforce 4th.
- Cost of Labor 4th.



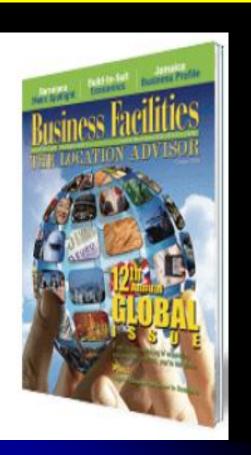
Montana's on the Move The numbers tell the tale!

24nd

Forbes magazine rates Montana as the fastest climber as Most Business Friendly State in the nation! **42nd**



Montana's on the Move



In January 2009, Montana was awarded the runnerup position (#2) in **Business Facilities** Magazine's State of the Year competition for our significant growth in the energy industry.

Montana's on the Move



Winner for the 2009 (CiCi) Corporate Investment & Community Impact Awards Trade & Industry Development magazine.

One of only 15 finalists for the Community Impact Award (out of more than 1,000 project submissions).

"Many Stars" Coal-to-Liquid – Crow Agency, Montana

Many Stars CTL, Crow Reservation

Partnership: Australian-American Energy Company & Crow Tribe

- CTL 50,000 bpd
- Investment: \$7B
- Operational in 2016





Montana's on the Move The numbers tell the tale!

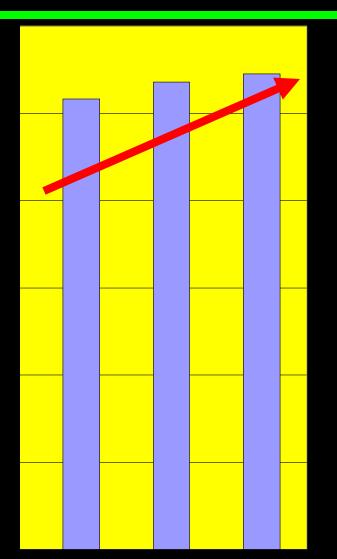
Montana #6 in state business tax climate rankings (Tax Foundation)

■ 11th lowest combined state and local tax burden (Tax Foundation)

One of the fastest growing economies in America (8th) from 2006-2008.

Montana's on the Move

8th Fastest Growing State For **GDP** 2006-2008



Why Montana has been Strong Economically

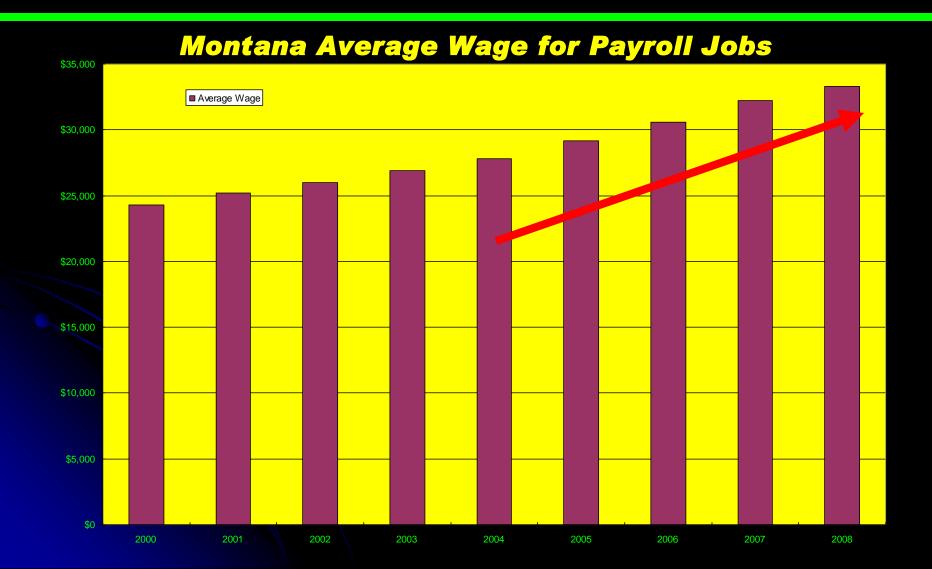
- Strong resource, commodity & energy economy
- Growth in technology & knowledge economy
- Growth in tourism
- Attractiveness as a place to live and do business

Montana's on the Move

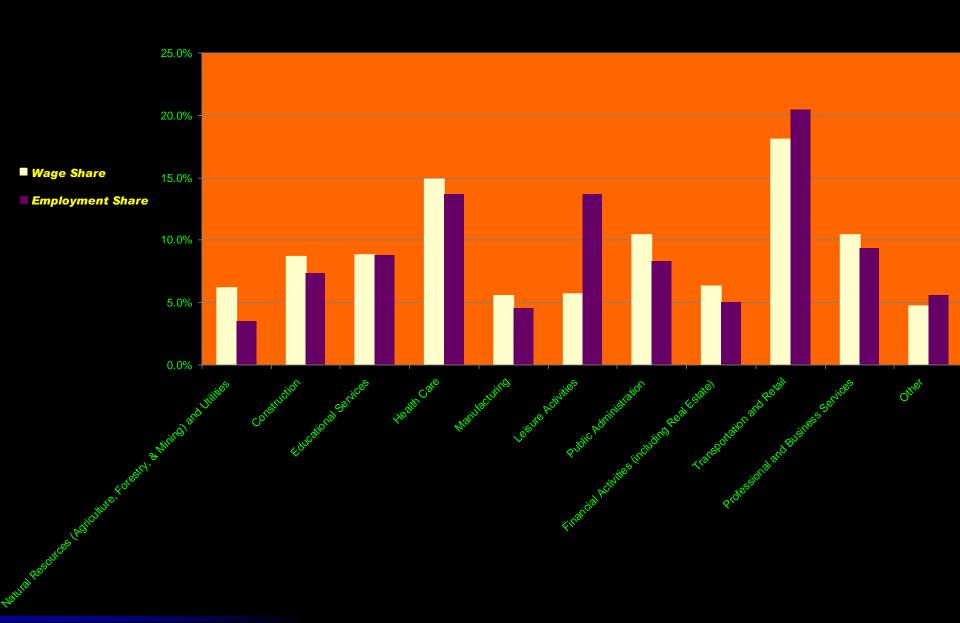
The economy has been very good, but what about

The Job Situation

Montana's on the Move The numbers tell the tale!



Wages vs Employment



Montana's on the Move The numbers tell the tale!

Where were the jobs created between 1-1-05 to 10-25-08 ??

- Gallatin County 10,350 jobs.
- Flathead County 8,550 jobs.
- Yellowstone County 6,075 jobs.
- Lewis & Clark County 5,000 jobs.
- Rest of "Top Ten": Missoula, Cascade, Park, Ravalli, Glacier, & Madison

Montana's on the Move The numbers tell the tale!

What kind of jobs were created between 1-1-05 to 10-25-08 ??

Construction - 58.5% up - 12,700 jobs.

- Professional & Business Services 31.8% up 10,200 jobs.
- Leisure & Hospitality 31.9% up 16,100 jobs.
- Only industry with negative growth is "government"

Montana has Been on the Move Economically

Like the rest of the country, Montana's economy has been sliding

BUT ...

Montana has been better off than almost all states economically

Montana is better off than most states financially

Montana's Current Financial Situation

Current Fiscal Situation

- •In the face of worst recession since great depression ...
- One of only 2 states in nation operating in the black
- Nearly \$400 MM "in the bank" record amount

Montana –National Comparison



- One of two states w/o budget deficit
- \$400 Million Surplus (Sept. 2009)

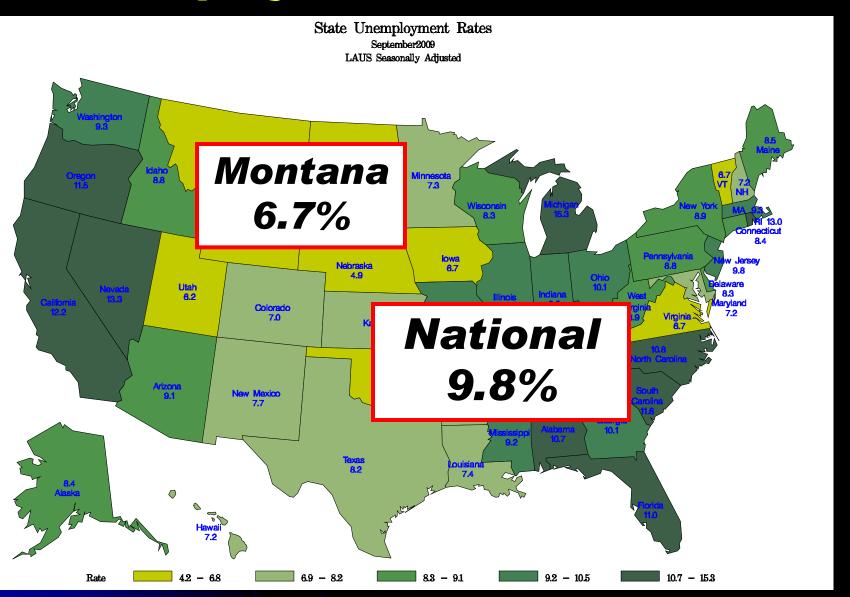
Why Money in the Bank?

Governor's vetoes

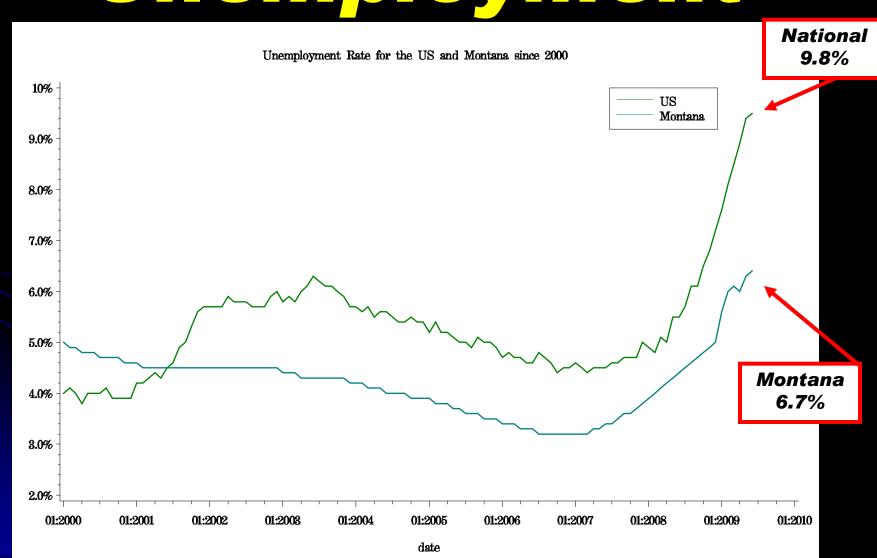
- Insistence on a "rainy day fund"
- Management/Reversions
- Strong fiscal discipline in fat times

Montana's Current Economic Situation

Montana currently has the 6th lowest unemployment rate in the nation.

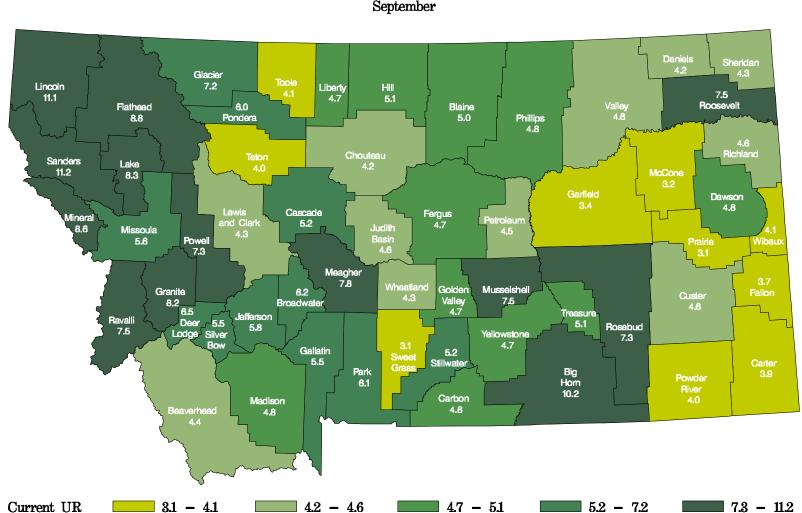


National – State Unemployment

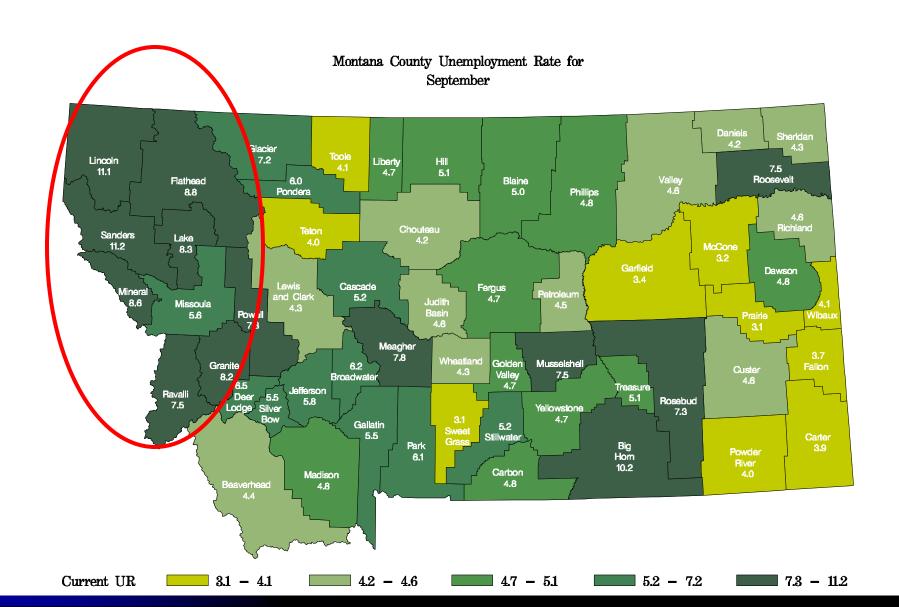


<u>Unemployment by County</u>

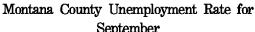
Montana County Unemployment Rate for September

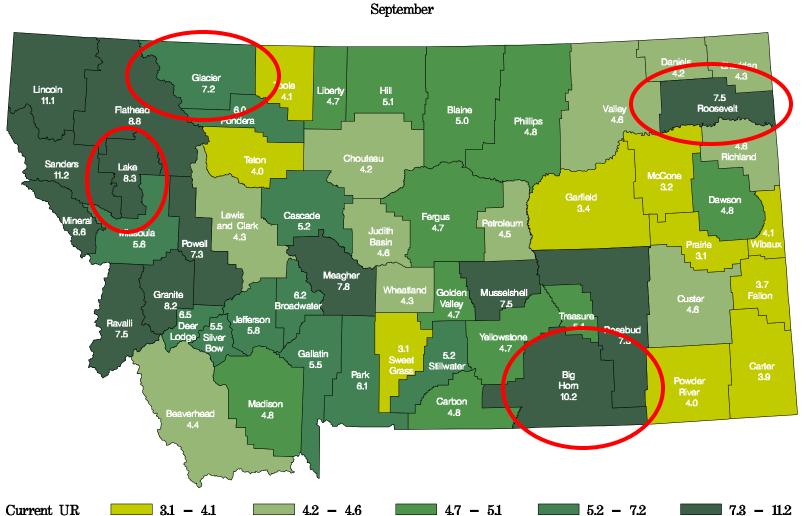


<u>Unemployment by County</u>



<u>Unemployment by County</u>





Montana's on the Move

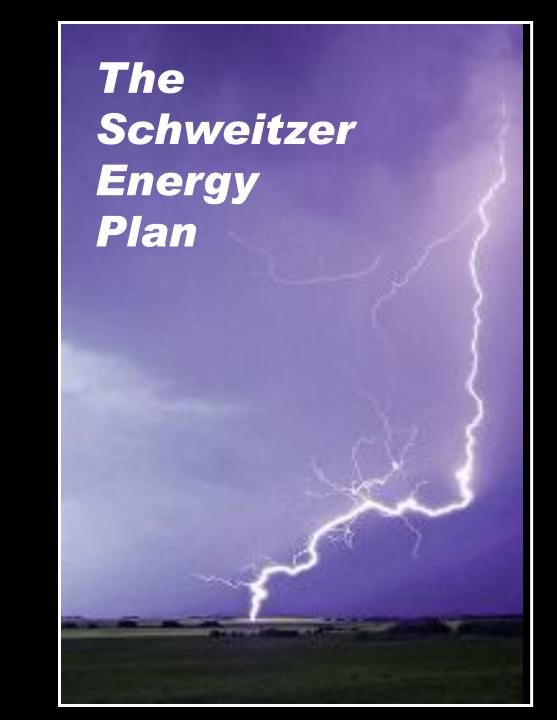
Energy as an economic driver

Developing Montana's Energy

Planning

Policy

Projects



Schweitzer Energy Plan

- Diversified Energy Development
- Renewable Energy Development
- Cleaner Energy Development
- Development with Clean Coal Technologies
- Value-added Energy Development
- Energy Efficiency & Conservation
- Energy Availability & Affordability
- Adherence to Environmental Laws & Community Acceptance
- Supportive Infrastructure Development

Schweitzer Energy Policies

- Clean & Green Tax Incentives
- Other Tax incentives
- Market Development (Renewable Portfolio Standards)
- Permitting Efficiency
- Coordination with Other States & Feds
- Community Impact Assistance (Partial & Pending)
- Capture & Sequester CO2

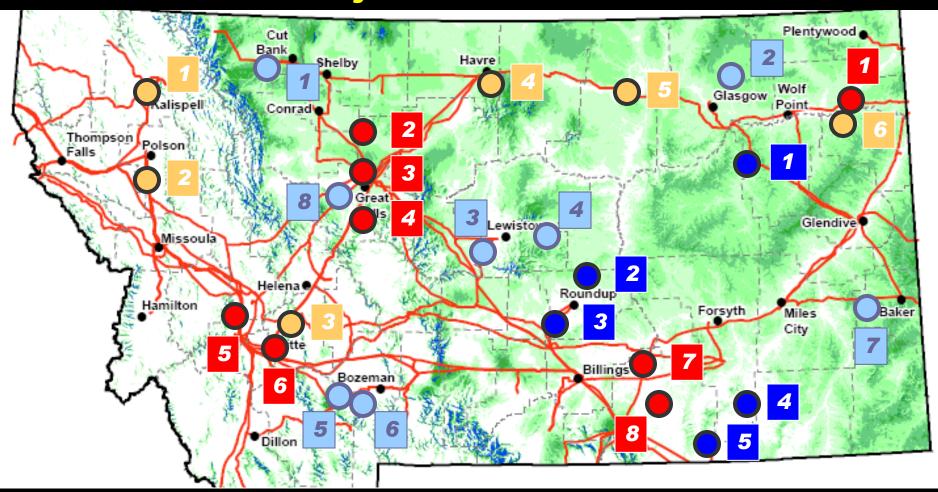
MONTANA Energy Policy Filters

- Internationally Global climate change
- Nationally Energy independence
- Statewide Jobs & growth in areas that suffer chronic dislocation

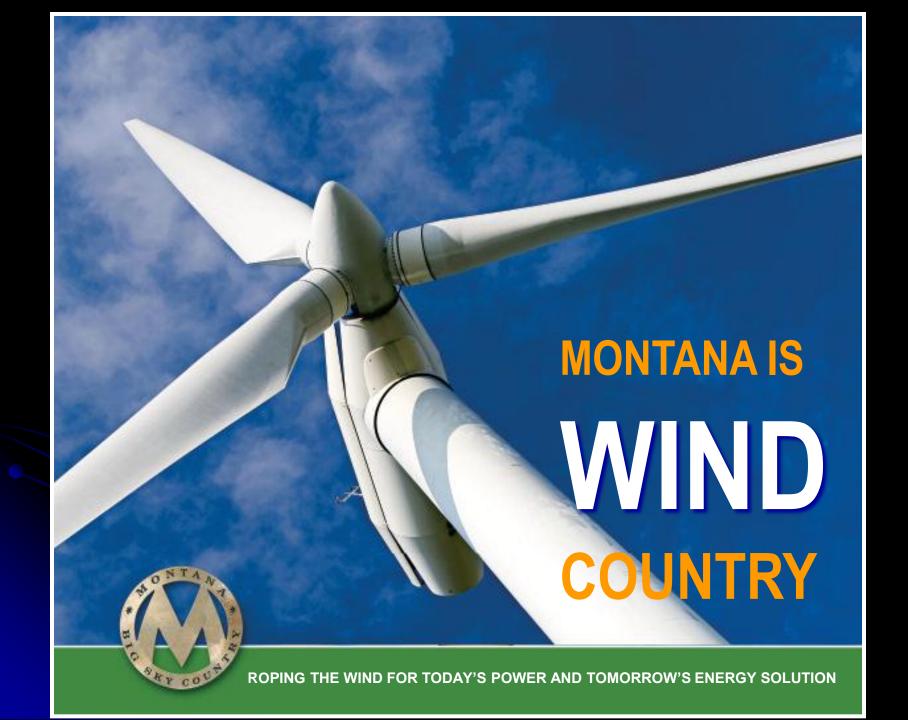
Schweitzer Energy Projects

- Power Plants
- Wind Generation
- Bio-fuels & Bio-Mass
- Coal Mines
- Oil & Gas Development
- Oil Refining
- Coal Gasification | Liquefaction
- Transmission Lines & Pipelines
- Supportive Infrastructure Development

Montana Energy means Montana Jobs Projects since 2005



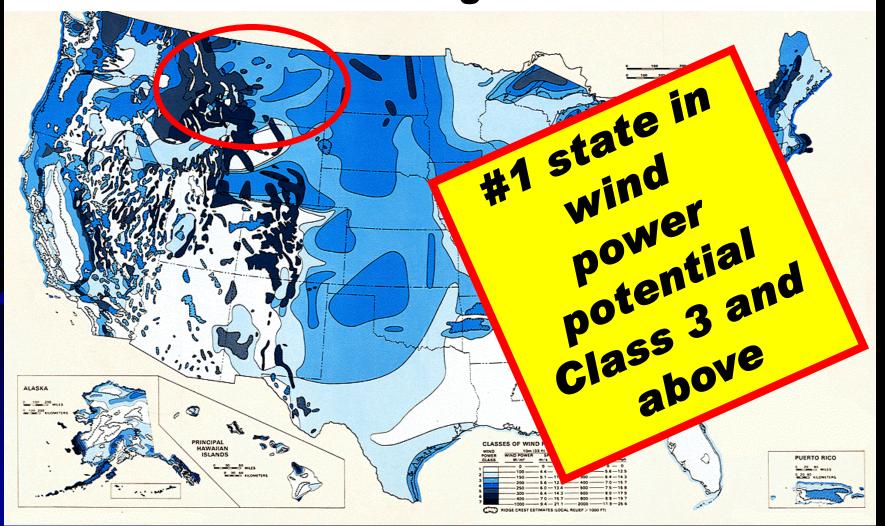
- Power Plant Activity
- Wind Generation Activity
- Bio-Fuels Activity
- New or Expanded Coal Mine Activity
 ~permitted or under review





Montana Wind

US Annual Average Wind Power



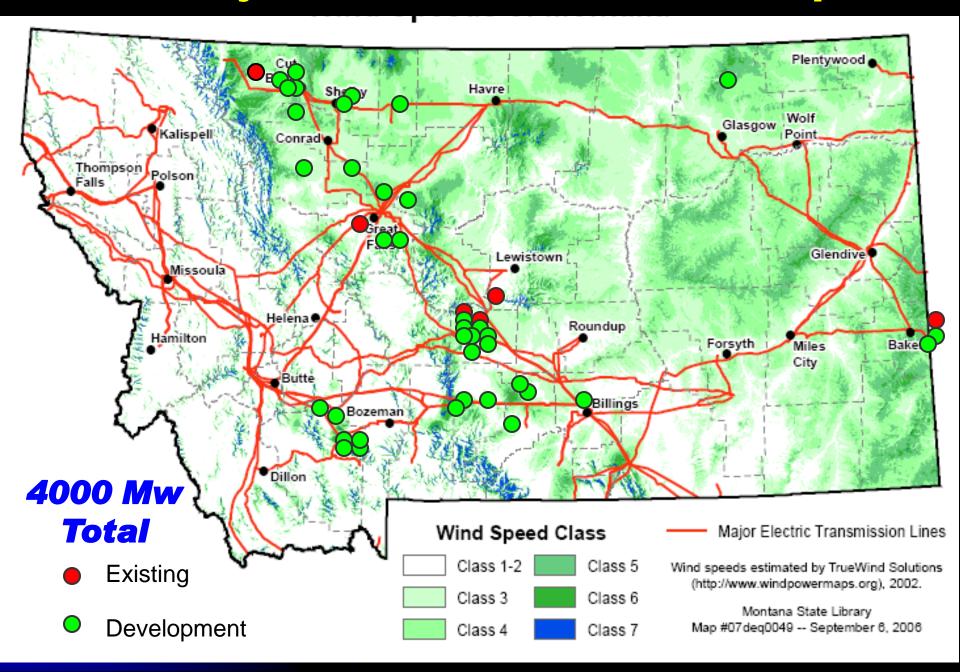
Energy Development

- Wind
 - Fastest growth in nation
 - •376 Mw up from 1 Mw in 2004
 - Secured \$800 MM investment decision

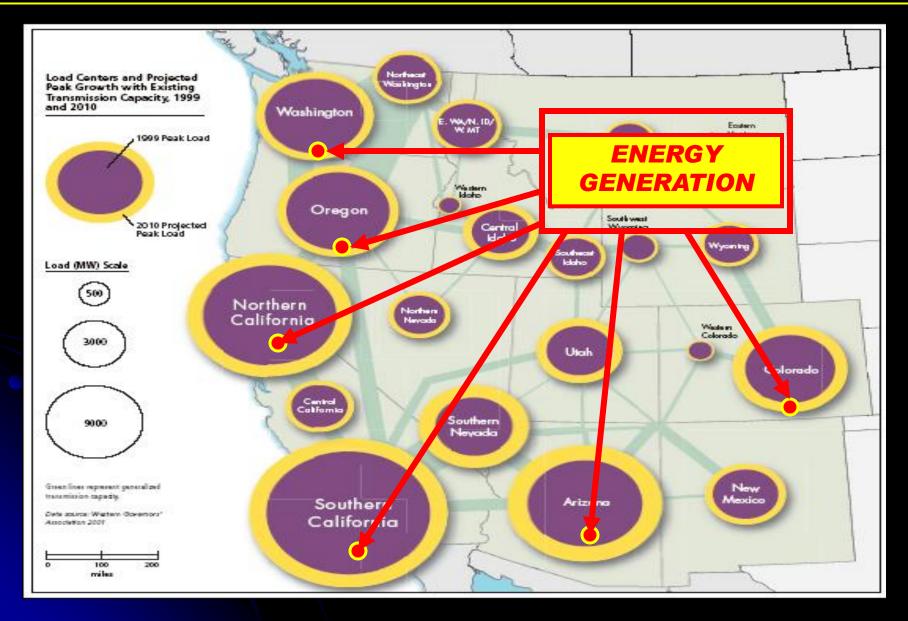
NEW WIND GENERATION SINCE 2005 \$1.7 Billion of Investment Nearly 800 Megawatts of Clean Power

- Judith Gap (Harlowton): 135 MW
- Glacier (Shelby-Cut Bank): 210 MW
- Horseshoe Bend (Great Falls): 9 MW
- Diamond Willow (Baker): 20 MW
- (In progress): Rim Rock (Toole county) 309MW
- (In progress): Judith Gap Expansion 53MW
- (In progress): Martinsdale 57MW

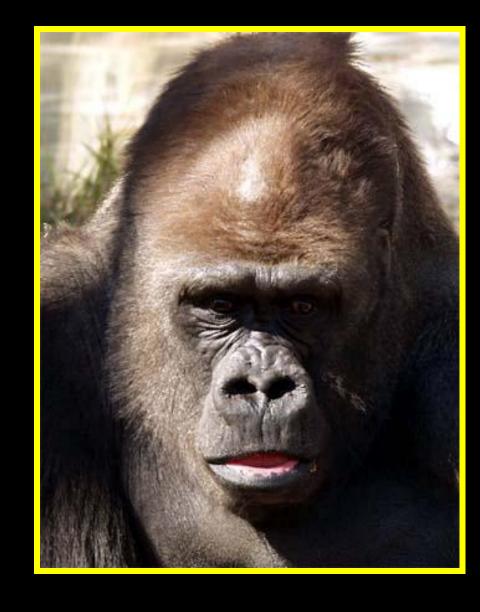
50 Wind Projects in Various Levels of Development



REACHING THE WESTERN ENERGY MARKET



800 lb. Gorilla



California and the West Coast

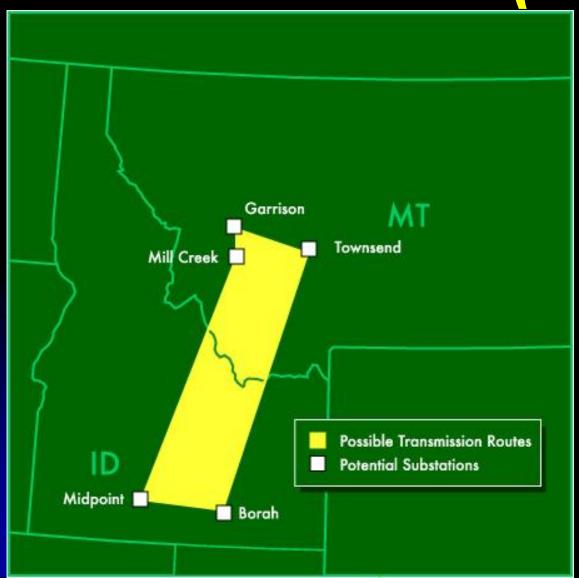


Montana Alberta Tie Ltd (MATL)

- Fully permitted state and federal
- All US appeals settled
- Financing WAPA
- Construction Fall 2009
- 100% Wind
- 600 MW



Mountain States Transmission Inter-tie (MSTI)



 In permitting with Dept. of Environmental Quality

• 1500 Megawatts

Chinook HVDC Transmission Line

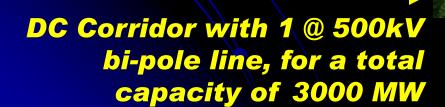


- Open Season 10-13-09
- Developers are negotiating commercial contracts
- RPS's in load centers are driving increased interest in multistate transmission
- 3000 Mega Watts

DC is Environmentally Superior

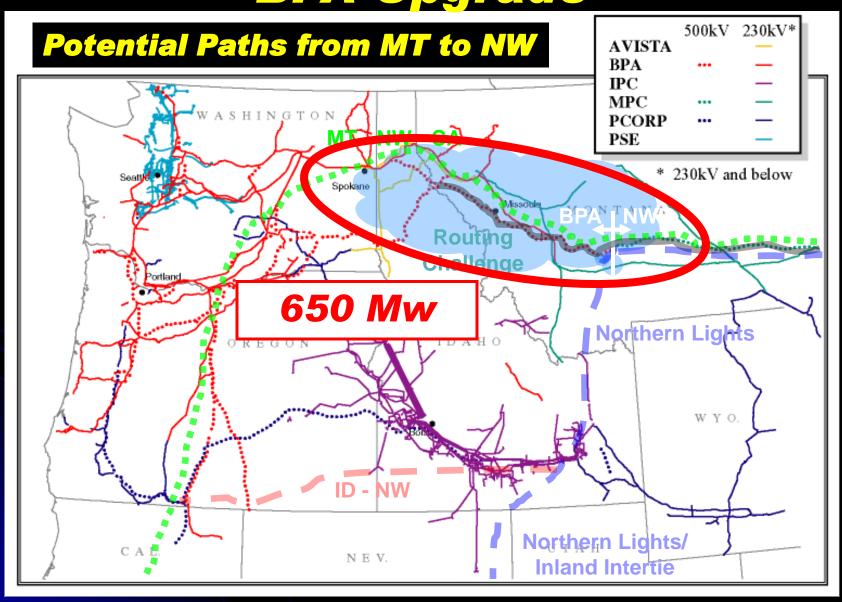
EASIER PERMITTING

AC Corridor with 3 @ 500kV lines, for a total capacity of 3000-4000



LESS LINE LOSS

Increasing Transfers from MT to NW BPA Upgrade



Energy Development

•Oil – Fastest growth in country

Oil: The Bakken Formation



ESTIMATED OIL RESERVES:

500 billion barrels

At least 3-4 billion recoverable with current technology

Alberta Oil (Tar) Sands



The Good: North American Energy Independence

The Bad: Heavy CO2 Footprint

The Ugly: See Above

Energy Development

 Coal – first new coal mine in 29 years will result in 35% increase in coal production

Signal Peak Mine

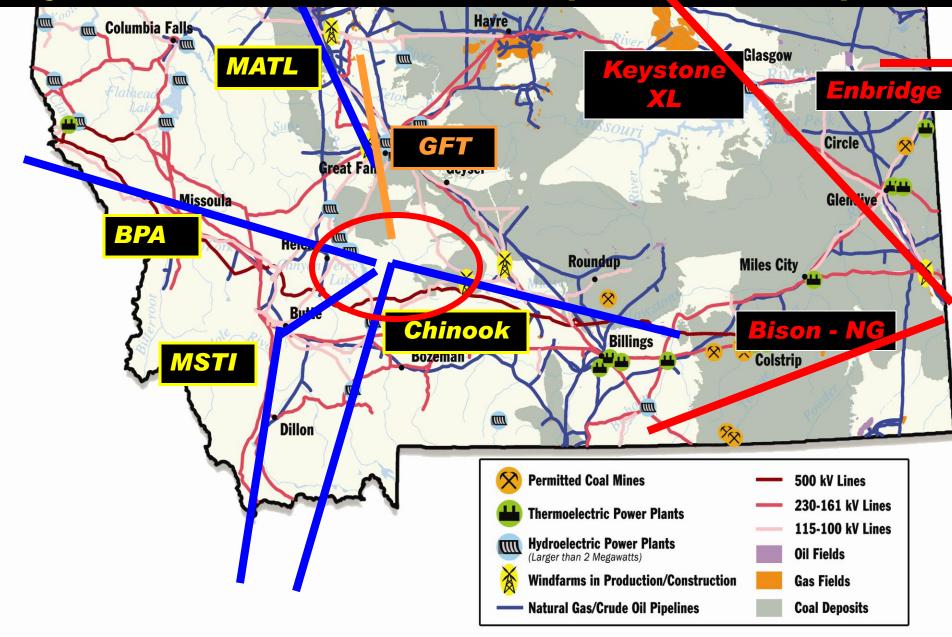
- \$450 Million Investment
- will produce 13-15 million tons/year
 - largest long-wall mine in America



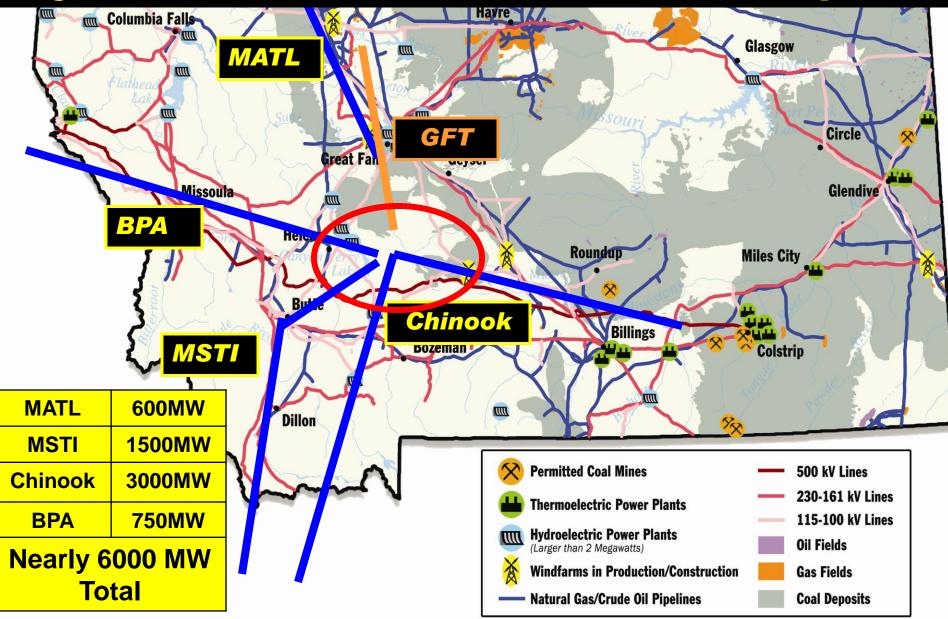
Energy Development

• Transmission Lines & Pipelines

Major New Transmission Lines & Pipelines in Development



Major New Transmission Lines in Development



Developing Montana's Energy

Europe 2009

















































Governor Brian Schweitzer

EDAC Meeting

Helena October 22, 2009